

THE FINANCIAL INSTITUTIONS (LIQUIDITY)
REGULATIONS, 2025

Arrangement of Regulations

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LEGAL NOTICE NO. 284

REPUBLIC OF TRINIDAD AND TOBAGO

THE FINANCIAL INSTITUTIONS ACT, CHAP. 79:09

REGULATIONS

MADE BY THE MINISTER PURSUANT TO SECTION 9(1)(C) OF THE
FINANCIAL INSTITUTIONS ACT, CHAP. 79:09 AND SUBJECT TO
NEGATIVE RESOLUTION OF PARLIAMENT

THE FINANCIAL INSTITUTIONS (LIQUIDITY)
REGULATIONS, 2025

1. These Regulations may be cited as the Financial Institutions Citation
(Liquidity) Regulations, 2025.
2. These Regulations come into effect on 1st October, 2025. Commencement
3. In these Regulations, unless the context requires otherwise— Interpretation
 - “high quality liquid assets” means assets which are unencumbered by *liens* and other restrictions on transfer which can be converted into cash easily and immediately, with little or no loss of value, including under stressed market conditions;
 - “liquidity coverage ratio” means a short-term quantitative prudential ratio of a licensee or financial holding company’s ability to withstand an acute liquidity stress scenario over a period of thirty days;
 - “liquidity monitoring tools” means financial metrics which capture specific information related to a licensee or financial holding company’s cash flows, balance sheet structure, available unencumbered collateral and market indicators;
 - “liquidity transfer restriction” means a measure that inhibits the transfer of high quality liquid assets and fund flows which affect the availability of liquidity in banking groups that operate in different jurisdictions;
 - “run-off rate” means a hypothetical estimate of the rate at which deposits or other liabilities are to be withdrawn or transferred from a licensee or financial holding company;

“significant currency” means a currency in which the aggregate liabilities denominated in that currency amount to five percent or more of total liabilities;

“total net cash outflows” means the amounts determined under regulation 7; and

“unencumbered asset” means an asset which is—

- (a) not pledged, either explicitly or implicitly, to secure, collateralise or credit-enhance any transaction;
- (b) not designated to cover operational costs such as rents and salaries; and
- (c) otherwise free of legal, regulatory, contractual or other restrictions on the ability of a licensee or financial holding company to liquidate, sell, transfer or assign the asset.

Application 4. (1) Subject to subregulation (2), these Regulations shall apply—

- (a) to a licensee on an individual basis; and
- (b) on a consolidated basis, to a licensee that is a parent company and to a financial holding company to include, where applicable, all domestic and foreign—
 - (i) subsidiaries of the licensee; and
 - (ii) companies in which the licensee is a significant shareholder.

(2) The scope of consolidation referred to in subregulation (1) shall be specified by the Central Bank.

Minimum liquidity coverage ratio requirement 5. (1) A licensee or financial holding company referred to in regulation 4 shall, notwithstanding subregulation (6), maintain a minimum liquidity coverage ratio of one hundred percent, on an individual basis and on a consolidated basis as applicable, in the Trinidad and Tobago dollar equivalent of all currencies in aggregate.

(2) The liquidity coverage ratio referred to in these Regulations shall be calculated as the stock of high quality liquid assets divided by the total net cash outflows over the next period of thirty calendar days.

(3) When calculating the liquidity coverage ratio on a consolidated basis, a licensee or financial holding company with cross border operations shall—

- (a) exclude from the consolidated liquidity coverage ratio calculation, any high quality liquid assets that are held in excess of the total net cash outflows from a member of the group when liquidity transfer restrictions exist; and

- (b) apply such liquidity parameters as may be specified by the Central Bank, where a parent company is domiciled in Trinidad and Tobago.

(4) A licensee or financial holding company that becomes aware that its liquidity coverage ratio has fallen, or will fall, below the minimum requirement in accordance with subregulation (1), shall notify the Inspector in writing within twenty-four hours.

(5) Where a licensee or financial holding company fails to comply with subregulation (1), the Central Bank may take any action as allowed under the Act to bring about compliance with the Regulations.

(6) Where the Central Bank, based on ongoing supervision, is of the opinion that a licensee or financial holding company is exposed to excessive liquidity risk, the Central Bank may increase the minimum liquidity coverage ratio for the licensee or financial holding company, or require the licensee or financial holding company to take such other measures as may be directed by the Central Bank to reduce its liquidity risk.

(7) Where a licensee or financial holding company is unable to meet the required minimum liquidity coverage ratio under subregulation (1) because of unforeseeable circumstances beyond its reasonable control, including but not limited to the occurrence of any natural disaster, industrial unrest, public disorder, epidemic, or any similar circumstances, the Central Bank may reduce or suspend the minimum liquidity coverage ratio for such period as may be necessary.

6. (1) The stock of high quality liquid assets shall be the sum of ^{High quality liquid assets} Level 1 and Level 2 Assets, where—

(a) Level 1 Assets—

- (i) are the highest quality liquid assets capable of being converted into cash at minimal or no loss of value in private markets to meet liquidity needs; and
- (ii) may be included in the stock of high quality liquid assets without limit; and

(b) Level 2 Assets—

- (i) are of lower quality than Level 1 Assets;
- (ii) are subject to haircuts;
- (iii) comprise no more than forty percent of a licensee's or financial holding company's stock of high quality liquid assets;

(iv) are the sum of Level 2A Assets and Level 2B Assets where—

(A) Level 2A Assets are of higher quality than Level 2B Assets; and

(B) Level 2B assets do not exceed fifteen percent of the stock of high quality liquid assets; and

(v) the caps specified in subparagraphs (iii) and (iv)(B) are determined after the application of the haircuts referred to in subparagraph (ii).

(2) The value of the assets included as Level 1 or Level 2 Assets may be limited by market valuation discounts.

(3) The haircuts applicable for Level 2 Assets under subregulation (1)(b)(ii) shall be specified by the Central Bank.

(4) The types of high quality liquid assets which can qualify as Level 1, Level 2A or Level 2B Assets as referred to in subregulation (1) shall be specified by the Central Bank.

Total net cash
outflows

7. (1) The total net cash outflows shall be the difference between the total expected cash outflows and the total expected cash inflows over the next period of thirty calendar days where—

(a) total expected cash outflows are calculated by multiplying the outstanding balances of liabilities and off-balance sheet commitments by the rates at which they are expected to run off or be drawn down; and

(b) total expected cash inflows are calculated by multiplying the outstanding balances of contractual receivables by the rates at which they are expected to flow in, up to an aggregate cap of seventy-five percent of total expected cash outflows.

(2) The types and categories of the expected cash outflows and inflows and the respective run-off rates to be applied under subregulation (1) shall be specified by the Central Bank.

Liquidity
monitoring
tools

8. (1) A licensee or financial holding company shall submit to the Central Bank information on liquidity monitoring tools including—

(a) contractual maturity mismatch;

(b) concentration of funding;

(c) available unencumbered assets;

(d) market-related monitoring tools; and

(e) any other liquidity metric or liquidity monitoring tool as specified by the Central Bank.

(2) A licensee or financial holding company, except those which are exempted under regulation 13(1), shall submit to the Central Bank information on the liquidity coverage ratio by significant currency.

9. (1) Subject to regulation 13(1), a licensee, on an individual ^{Reporting requirements} basis, shall submit to the Central Bank within ten business days after the end of each month and at such other times as may be required by the Central Bank, and in such form as the Central Bank may from time to time specify, returns on the computation of the liquidity coverage ratio and the liquidity monitoring tools.

(2) A licensee or financial holding company, on a consolidated basis, shall submit to the Central Bank within fifteen business days after the end of each quarter, and at such other times as may be required by the Central Bank, and in such form as the Central Bank may from time to time specify, returns on the computation of the liquidity coverage ratio and the liquidity monitoring tools.

(3) Subregulations (1) and (2) shall be subject to the transition periods under regulation 12(3)(a) and (b).

10. Licensees and financial holding companies shall disclose such ^{Pillar III-Market disclosures} information pertaining to their liquidity risk management and liquidity risk exposures in such time, form, manner and frequency as the Central Bank may specify in a guideline.

11. For the purposes of determining whether a licensee or financial ^{Review by Inspector} holding company is complying with these Regulations the Inspector or his delegate may, at any time, prior to the submission or after the submission of any report or return under these Regulations, examine any records, systems, procedures, or calculations used by a licensee or financial holding company in determining its liquidity coverage ratio and the liquidity monitoring tools.

12. (1) Upon the coming into force of these Regulations, where a ^{Transition period} licensee or financial holding company referred to in regulation 4, does not meet the minimum liquidity coverage ratio requirement in accordance with regulation 5(1), either on an individual or consolidated basis, it shall—

- (a) have a transition period of up to twelve months to comply with regulation 5(1); and
- (b) within three months, submit to the Central Bank a board approved action plan to comply with regulation 5(1), within the period specified in subregulation (1)(a).

(2) Notwithstanding subregulation (1)(a), a licensee or financial holding company referred to in regulation 4—

- (a) shall attain no less than the transitional liquidity coverage ratios set out in the following table during the transition period referred to in subregulation (1)(a):

Minimum Transitional Liquidity Coverage Ratios	
At the coming into force of these Regulations	80%
Within six months of the coming into force of these Regulations	90%
Within twelve months of the coming into force of these Regulations	100%

- (b) if it, at any time within the twelve-month transition period, exceeds any of the transitional liquidity coverage ratios specified in the table in paragraph (a), shall not reduce its liquidity coverage ratio in subsequent reporting periods and shall continue to comply with the transitional liquidity ratios during the transitional period.

(3) Upon the coming into force of these Regulations—

- (a) a licensee, on an individual basis, shall have a transition period of twelve months to comply with the reporting requirements referred to in regulation 9(1), where during the first six months the returns referred to in regulation 9(1) shall be submitted to the Central Bank within twenty business days after the end of each month, and during the next six months the returns referred to in regulation 9(1) shall be submitted to the Central Bank within fifteen business days after the end of each month, and after this transition period, the licensee shall be required to comply with the reporting timelines under regulation 9(1); and
- (b) a licensee or financial holding company, on a consolidated basis, shall have a transition period of twelve months, during which the returns referred to in regulation 9(2) shall be submitted to the Central Bank within twenty business days after the end of each quarter, and after which the licensee or financial holding company shall be required to comply with the reporting timelines under regulation 9(2).

13. (1) Subject to subregulations (2) and (3), a licensee under section 17 of the Act, shall on an individual basis, be exempted from complying with the minimum liquidity coverage ratio requirement under regulation 5(1), and the reporting requirements under regulation 9(1) based on its business model, size, complexity and risk.

(2) A licensee exempted from the minimum liquidity coverage ratio and reporting requirements under subregulation (1), shall be required to submit the liquidity monitoring tools return on an individual basis in accordance with regulation 8(1).

(3) For the avoidance of doubt, a licensee exempted from the minimum liquidity coverage ratio and reporting requirements under subregulation (1), that is the parent of a financial group, shall be required to submit the returns under regulation 9(2), on a consolidated basis.

(4) The Central Bank may revoke, by written notice, the exemption provided to a licensee under subregulation (1) based on a change to its business model, size, complexity or risks.

(5) The written notice issued by the Central Bank under subregulation (4), shall advise the licensee of the reasons for revocation of the exemption, and shall direct the licensee to—

- (a) apply the liquidity coverage ratio under regulation 5(1); and
- (b) comply with the reporting requirements under regulation 9(1),

and indicate the effective date for compliance with each requirement.

(6) The Central Bank may by written notice re-instate the exemption which was revoked under subregulation (4), where the reasons for the revocation of the exemption stated under subregulation (4) no longer apply.

Dated the 14th day of August, 2025.

D. TANCOO
Minister of Finance